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RJR trying brand 'teams'

By Judann Dagnoli

A massive reorganization at R.J. Reynolds Tobacco Co. could significantly dilute the responsibility of brand managers.

The sweeping changes will reverberate throughout the company's marketing department, where a new team approach is in the works.

RJR last week disclosed its plans to eliminate 1,640 jobs in a move designed to make the tobacco company leaner, meaner and better able to compete with market leader Philip Morris Cos.

The company's marketing department will be revamped with "new brand team assignments [that] will integrate the efforts of brand marketing with support departments," Chairman-CEO James Johnston said in a letter to employees.

A company spokeswoman said that in addition to senior brand managers and brand managers, one employee from each of six previously separate departments will comprise a team for each company brand.

Those disciplines include a marketing-information specialist, a finance manager, a sales planning manager, a research and development professional, a manufacturing specialist and an engineering specialist.

The spokeswoman said the team arrangement means brand managers "will be supplemented" by the other members.

RJR wouldn't comment on whether the new teams will report to brand managers.

The crucial factor will be who's assigned overall responsibility for each of the "mini-companies" the new system creates, said Stephen A. Greyser, professor of consumer marketing at Harvard Business School.

"Will it be marketing-driven or run by some other function, such as finance?" he asked. "Until it's determined where the marketing component fits into the management team, you don't know what the new system really implies."

Other wild cards—the creative, media and promotion departments—traditionally act with brand managers, functioning as generalists in tobacco companies.

RJR said it "has not yet been announced"

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Y&R jumps back into programming

By Jon Lafayette

NEW YORK—Young & Rubicam, going back to the future in search of new revenues, is creating a new unit that will develop and produce TV programs.

TV production is potentially more profitable for an agency than advertising, said Paul Isacsson, exec VP-broadcast programming and purchasing at the agency.

"Agencies have never really figured a way to capture more than a straight commission. This is a way to do that to some extent."

"In terms of the future, we perceive that software is going to be important, particularly on a worldwide basis," he said. "We're a worldwide agency, and [production is] an area where we think the agency should be in business."

Heading Y&R's return to TV programming will be Nina Rosenthal, who joins the agency as VP-programming, production and distribution, from ABC Entertainment, where she was executive producer of programming-East Coast.

"She's a professional who has a long background in television and who has strong ties and network experience," Mr. Isacsson said.

A programming powerhouse in the early days of TV, when ad agencies produced many of the top-rated shows for clients, Y&R joins other agencies that have decided to invest more time and resources in the potentially lucrative business of creating programming.

Several agencies already have TV program units, including D'Arcy Masius Benton & Bowles; Grey Advertising; and Foote, Cone & Belding Communications, Chicago, plus Omnicom Group, a holding company

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HOT STUFF

Bill Cosby came up with the concept for this new Coca-Cola Classic spot and recruited jazz singer Betty Carter to sing her rendition of "Can't Beat the Feeling." The spot, from Burrell Advertising, Chicago, starts airing nationally Aug. 15.

Southwest Airlines' new humorous "Fun Fares" price campaign features a couple getting excited about jetting to other cities on the carrier's low fares. It starts airing next week, via GSD&M, Austin, Texas.

LAST MINUTE NEWS

RJR mulls auto race links

WINSTON-SALEM, N.C.—R.J. Reynolds Tobacco Co. is reviewing its auto racing sponsorships, prompting speculation the company will withdraw its support of the sport as part of its streamlining efforts *(see story above)*. T. Wayne Robertson, senior VP of Sports Marketing Enterprises, RJR's sports division, discounted the speculation. "RJR constantly reviews its sponsorship activities to determine if they are productive for the sponsoring brands," he said. Parent RJR Nabisco spends an estimated $60 million annually on sports sponsorships. RJR's Winston and Camel cigarette brands are involved in the auto racing sponsorships.

Wisk goes to JWT

NEW YORK—Lever Bros., perhaps signaling the end of its decades-long "Ring around the collar" campaign for Wisk detergent, switched the $13 million account to J. Walter Thompson USA from BBDO Worldwide.

Polaroid splits up Europe

CAMBRIDGE, Mass.—Polaroid will pull its $20 million pan-European account from Ogilvy & Mather, London, by month's end and reassign the business to local agencies on a country-by-country basis, said John Heinritz, divisional VP-international marketing for

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Turn off the ads ..... P. 4
Adults like "Channel One" in the classroom; it's the ads they're against.

Ralston lures Barbie to breakfast table

By Julie Liesse Erickson and Kate Fitzgerald

Come September, girls may be having Breakfast with Barbie.

That's the name of Ralston Purina Co.'s newest ready-to-eat cereal, to be marketed under a licensing agreement with Barbie's parent, Mattel Inc.

Breakfast with Barbie marks the first time Mattel has licensed Barbie's name to a package-goods marketer.

The first cereal targeted specifically to girls since Ralston's own Rainbow Brite in 1985, Breakfast with Barbie milks the 30-year-old Barbie franchise for a host of marketing gimmicks.

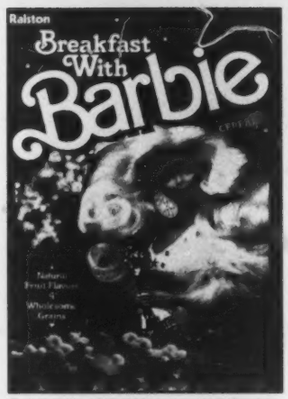
The lightly sweetened, fruit-flavored cereal, made from four grains and fortified with vitamins and iron, comes in five shapes "associated with the exciting and glamorous world of Barbie," Ralston said: hearts, bows, stars, cars and the initial B.

The cereal's primary color? Barbie's signature hot pink, of course.

A cardboard cut-out vanity table will be featured on the backs of first-run packages.

The cereal will begin arriving at supermarkets nationwide Sept. 18.

An estimated $10 million network and spot TV and print campaign will support the introduction, via Ralston agency Avrett, Free & Ginsberg, New York. Three coupon events and an in-pack diamond giveaway will support.



Ralston's Breakfast with Barbie makes girls' fantasies come true.

In its continuing effort to move its licensed cereal business into longer-lasting brand names—Nintendo Cereal System and Teenage Mutant Ninja Turtles are its most recent entries—Ralston is taking advantage of one of the toy world's strongest franchises.

Mattel now claims 80% to 90% of the fashion doll category worldwide; fashion doll sales for the company last year totaled $450 million.

Company research shows 90% of all girls between the ages of 3 and 11 now own at least one. The average Barbie owner has five dolls.

Toy Manufacturers of America estimated that U.S. sales of fashion dolls last year totaled $535 million.

Candace Irving, manager of marketing and public relations for the toymaker, said Mattel is expanding its licensing programs and may even launch more package-goods tie-ins—if they offer "the perfect fit," like the cereal did.

"The cereal theme was perfect, because it lets little girls continue the play pattern they have with the doll. They fantasize that they're actually sitting down to eat breakfast with Barbie," she said.

The company is talking with other package-goods marketers, but Ms. Irving wouldn't reveal further details.

The Ralston cereal caps off an extremely successful year for Barbie, who celebrated her 30th anniversary this year.

Sales of Barbie dolls began surging in 1985, a phenomenon Mattel attributes to the "second generation" factor: Mothers who played with Barbie are now buying the doll for their own daughters.

Barbie sales were 25% higher in 1988 than the previous year, and are expected to be ahead by at least another 30% this year, Ms. Irving said.

Mattel is winding down its 30th anniversary celebration for Barbie in the fourth quarter, continuing the $25 million ad and promotional blitz launched last year. TV spots from Ogilvy & Mather, Los Angeles, are themed: "I'm into Barbie." □

Bozell's Faberge woes

$27M account likely to go to Unilever shop

By Gary Levin

NEW YORK—Unilever's acquisition of Faberge has brought expected bad news to Bozell, agency for Faberge's $27 million account.

Unilever is ending a five-year relationship with Bozell by exercising a six-month cancellation clause in their contract. Unilever, the Anglo-Dutch consumer-products giant, bought Faberge from Riklis Family Corp. for $1.55 billion last month (AA, July 17).

Faberge will be absorbed into Unilever's Chesebrough-Pond's unit. A spokesman there said the company doesn't comment on internal business.

Unilever will almost surely assign the business to one of its four core agencies: WPP Group's Ogilvy & Mather and J. Walter Thompson Co. and Interpublic Group of Cos.' McCann-Erickson Worldwide and Lintas:Worldwide units.

The company already has moved Faberge's Power Stick antiperspirant to Lintas from Lois/GGK.

At press time, neither Lintas nor other Unilever agencies had been informed of the company's plans.

The Faberge business includes the Aqua-Net, Brut and Sea & Ski brands as well as Elizabeth Arden Inc., also acquired in the deal and a more recent Bozell client.

Unilever historically has "very strong loyalties and commitments to their present agencies, and we understand and respect that."

Chuck Peebler, ceo, Bozell

Together, these brands were supported by about $35 million in measured media last year, according to LNA/Arbitron Multi-Media Service, and represent the bulk of Faberge's business.

Among the brands receiving the largest support were Brut cologne and antiperspirant, Faberge Organics shampoo, Fendi and McGregor colognes, and Cut Guard, a new shaving cream.

Agency officials said their work for Aqua-Net and Brut has helped rejuvenate the aging brands.

Bozell had exited the Unilever stable just late last year when the agency lost its portion of the Thomas J. Lipton Inc. food account, which had dwindled to $1 million in billings (AA, Dec. 26, *et seq.*).

"My impression is, historically they have very strong loyalties and commitments to their present agencies, and we understand and respect that," said Chuck Peebler, Bozell's ceo.

But, he said he hasn't written off the account just yet.

"We do not anticipate that [the cancellation notification] means we won't be considered . . . or given an opportunity to work on and serve the business," he said.

But if that's not possible, Mr. Peebler was confident about replacing the business.

Cosmetics "is a category we've been in for a number of years and we anticipate we will continue to be active in it," he said. Bozell was once a Revlon agency. □

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'Channel One' ads bug adults, survey shows

News programs backed

By Scott Hume

Keep the news; scrap the commercials.

That's the verdict on Whittle Communications' controversial "Channel One" ad-supported news program for classrooms, according to an exclusive nationwide survey conducted for *Advertising Age* by the Gallup Organization.

Support is strong for the basic concept of a specially prepared news program on current events being broadcast into public school classrooms. Of the 1,000 adults queried for the survey, 85% approved of the idea.

But if advertising is part of such broadcasts, support is cut by more than half. Only 37% favored an ad-supported program.

That suggests Whittle may encounter elsewhere the resistance "Channel One" has already met in California and New York.

In California, state Superintendent of Public Instruction Bill Honig has said "Channel One" represents "forced viewing of commercials," in violation of state law. He vowed the state would cut funding to any school district that allows ad-supported programming to be broadcast into its classrooms (AA, May 29).

Cerritos, Calif., was one of six markets in which "Channel One"—a mix of 10 minutes of news and feature programming and 2 minutes of commercials—was tested for five weeks ending in April.

The New York State Board of Regents in June unanimously voted to keep any commercial-supported TV shows out of the state's classrooms.

Nonetheless, company Chairman Christopher Whittle has said the $200 million national rollout of "Channel One" will start March 5 in 1,000 schools (AA, June 5, *et seq.*).

The phone survey was conducted in June and has a margin of error of plus or minus 3.1%.

The results are encouraging news for Turner Broadcasting System, which announced plans for its Cable News Network to produce a similar, though ad-free, news program (AA, May 1).

Besides opposing commercials in programming targeted to students in the classroom, a majority (58%) of those surveyed said there are certain product categories that shouldn't be advertised during such programming.

Those who said some categories should be off-limits most frequently mentioned alcoholic beverages (75%), tobacco products (49%), feminine hygiene products (15%), contraceptives (11%), "anything with a sexual content" (8%) and guns (4%).

None of those categories was represented during Whittle's six-market test. Advertisers included Gillette Co., M&M/Mars, Procter & Gamble, Warner-Lambert Co. and Wm. Wrigley Jr. Co.

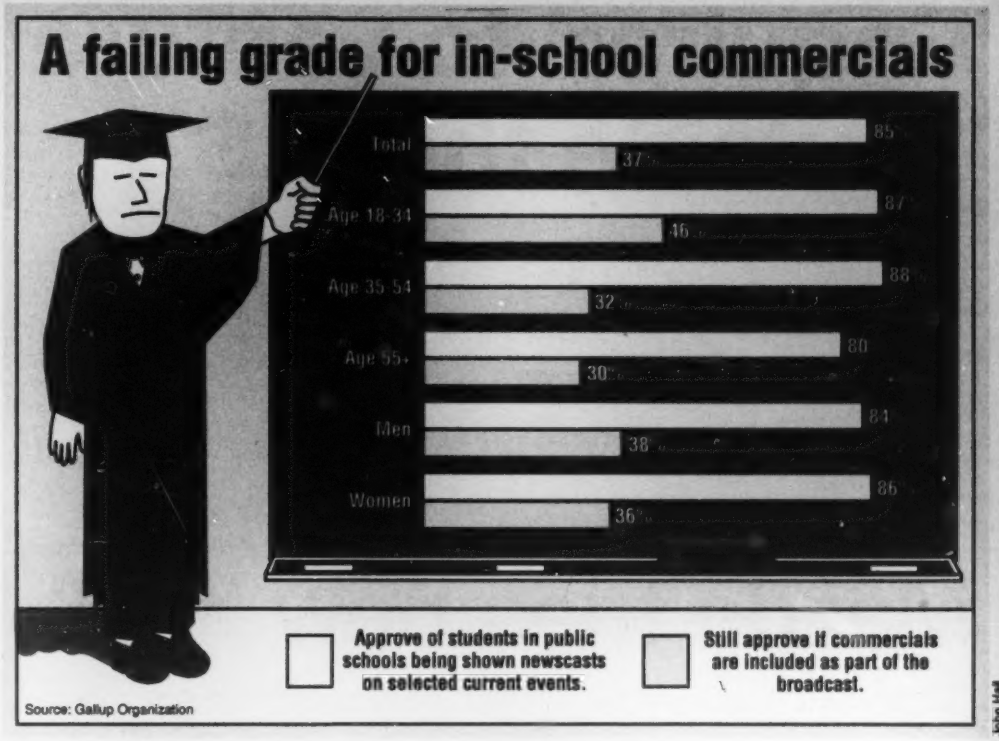
The wide discrepancy in support for ad-supported programming between younger and older adults is worth noting.

Among respondents ages 18 to 34, 46% supported classroom broadcasts with commercials.

Ad-supported newscasts got the support of only 32% of those ages 35 to 54 and 30% of those ages 55 or older.

Those in the youngest age group also were fairly evenly divided over the question of banning certain product categories from in-school advertising: 49% said there are taboo categories, 51% said there are not.

Older respondents were less divided: 61% of those ages 35 to 54 and 75% of those 55 and older said certain products should be proscribed. □



Fast-food chains do menu shuffle

By Scott Hume

McDonald's is testing pizza and packaged celery sticks. Roast beef king Arby's is adding chicken sandwiches. Kentucky Fried Chicken has salads. White Castle, home of the "slider," is trying fried clams in some units.

Anything and everything is taking a turn on menus as the $60 billion-a-year fast-food industry battles slow sales and a changing consumer base.

Menus at fast-food chains have always been subject to change without notice, but now the pace is picking up.

The expanded variety of food choices has blurred market positionings and consumer identities for many chains, which in turn have made food rather than image the dominant focus of restaurant marketing.

Ad spending by the 10 largest restaurant chains rose 10.4% to $297.6 million during this year's first quarter, compared with the same quarter last year.

The reasons for the menu explosion include not only the sluggish economy but also the industry's expansion in excess of demand and its need to recast itself to meet the consumer of the 1990s and beyond.

Generally, soft sales are the short-term spur. First-quarter sales in the industry were off 1% to 2% compared with the same period last year, analysts say. Second-quarter sales didn't improve.

A common response has been to increase price promotions. Once a staple of restaurant marketing during the slow winter months, discounting has become a year-round addiction. Twenty percent of meal transactions last year involved a "deal," compared with 18% in 1987 (AA, July 31).

New products provide an alternative marketing focus.

"Sales are soft, and the chains can discount or they can be more experimental" with the menu, said Ron Paul, president of Technomic Consultants.

Many chains are doing both. McDonald's Corp. followed its national marketing blitz introducing its McChicken sandwich with a second wave of advertising promoting a limited-time price reduction on the product.

Other products, such as Chicken McNuggets Fiesta or the Cheddar Melt sandwich, are limited-time menu additions that provide the chain with some "news" in the marketplace before the items disappear.

Wendy's International is offering hot dogs in some markets, but in most others, it's spotlighting its Express Pak, a specially priced, drive-through-only combination of standard items.

Arby's has been one of the most active menu manipulators in the past year, adding several chicken sandwiches (Roast Chicken Club, Chicken Cordon Bleu), a submarine sandwich and others. Those additions have been successful enough for it to stick to the same path.

"We have added several, but they've been in line with our marketing plan and not just for the sake of newness," said Larry Krueger, senior VP-marketing.

"We're looking at new-product additions in the fall, one in winter and one next spring," he said. "We think they'll be good products and good-margin products that franchisees can discount" if market conditions warrant.

The fall additions, going on menus next month, will be the Country Fried Steak Deluxe and Country Fried Steak 'n Cheddar sandwiches.

In 11 markets where the items have been tested, they represented 14% of sandwich sales. Spot TV, radio and couponed inserts by W.B. Doner & Co., Baltimore, will support.

Sales may improve and discounting may diminish, but the industry would still face a serious supply/demand problem.

In 1988 alone, McDonald's, Burger King Corp., Kentucky Fried Chicken Corp. and Hardee's Food Systems added a total of 1,400 new units. Some of those are overseas, but most are in the U.S., and it's difficult for consumer demand to keep pace.

"It's the same old scramble," Mr. Paul said. "There is just so much capacity in the market right now."

The problem isn't only the level of consumer demand but the changing nature of that demand.

"The fast-food market is soft and intensely competitive, but it is experiencing some actual customer-traffic declines," said Steve Rockwell, analyst at Alex. Brown & Sons.

"The economy is not hurting sales: Many full-service restaurants are doing quite well. What you have are a lot of [fast-food] customers trading up," he said.

Menu expansion is aimed at heading off such shifts. But identifying and meeting changing consumer needs may be the industry's toughest challenge.

"The new products are more than a response to competition; they are a response to consumer desires," said Howard Hansen, an analyst at Kidder, Peabody & Co. "The chains clearly need to broaden their menus to appeal to more sophisticated consumers with higher expectations."

"We know we're in a share battle, and the only way to gain share is to give consumers what they want," said Arby's Exec VP-Marketing Frank Belatti. "That means we have to be more innovative and creative with our menu." □

Fast-food's menu explosion

Sales are stagnant, the industry is overbuilt and consumers' tastes are changing. That has spurred fast-food chains to look at a wide variety of new or possible menu additions. An * indicates the item has limited availability at present. (S) indicates a limited-time offer.

Chain	Menu item
■ McDonald's	McDonald's Pizza* McRib sandwich* Breakfast Burritos* Western Omelet Biscuit* Cinnamon rolls* Packaged celery and carrot sticks*
■ Burger King	Chicken International (S)
■ Wendy's	Hot Dogs*
■ Hardee's	Grilled Chicken sandwich Pizza Pockets*
■ Kentucky Fried Chicken	Chicken sandwich* Packaged salads* Spicy Extra Crispy Chicken
■ Arby's	Roast Chicken Club Chicken Cordon Bleu Sub Deluxe
■ White Castle	Fried clams*
■ Popeyes	Butterflied shrimp

Source: Advertising Age